



*STATE OF NEW JERSEY*

*Board of Public Utilities*

*Two Gateway Center  
Newark, NJ 07102  
www.bpu.state.nj.us*

TELECOMMUNICATIONS

IN THE MATTER OF THE JOINT PETITION)  
OF DOMINION TELECOM, INC., )  
DOMINION FIBER VENTURES, LLC )  
AND ELANTIC NETWORKS, INC. FOR )  
APPROVAL OF A CHANGE OF CONTROL )

ORDER OF APPROVAL

DOCKET NO. TM04030191

(SERVICE LIST ATTACHED)

BY THE BOARD<sup>1</sup>:

On March 17, 2004, Dominion Telecom, Inc. (Dominion Telecom), Dominion Fiber Ventures, LLC (Dominion Fiber Ventures) and Elantic Networks, Inc. (Elantic Networks), (collectively, Petitioners), filed a petition with the Board of Public Utilities (Board) requesting the authority to transfer control of Dominion Telecom from Dominion Fiber Ventures to Elantic Networks. Upon approval, Dominion Telecom will become a wholly owned subsidiary of Elantic Networks. Dominion Telecom will change its name to Elantic Telecom and will continue to offer services on the same terms, rates and conditions that it currently provides such services in the state.

BACKGROUND

Dominion Telecom, a Virginia public service corporation with offices located in Glen Allen, Virginia, is a wholly owned subsidiary of Dominion Fiber Ventures. In New Jersey, Dominion Telecom was authorized to provide facilities-based competitive interexchange and local exchange services pursuant to authority granted by Order of the Board on October 6, 2002. See Order, I/M/O the Petition for An Order Authorizing Dominion Telecom, Inc. to Provide Local Exchange Telecommunications Services Throughout New Jersey, Docket No. TE01090594.

The petition states that Dominion Telecom currently provides facilities based local and interexchange services to customers in approximately sixteen States, including New Jersey. Dominion Resources, Inc. is the ultimate parent of Dominion Fiber Ventures and Dominion Telecom. The petition states that Dominion Resources is a registered holding company subject to regulation by the federal Securities and Exchange Commission pursuant to the Public Utility Holding Company Act of 1935, as amended. It is a publicly held Virginia corporation with its headquarters in Richmond, Virginia.

According to the petition, the Elantic companies were recently formed for the explicit purpose of acquiring Dominion Telecom. Elantic Networks is a privately held Delaware corporation

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<sup>1</sup> Commissioner Frederick F. Butler did not participate in the deliberation or on the vote on this matter.

headquartered in Richmond, Virginia. Elantic Networks investors are M/C Venture Partners IV, L.P., M/C Venture Investors L.L.C., Banc of America Investors, Capital Investors SBIC, L.P., BB&T Capital Partners, L.L.C., and Chestnut Street Partners, LLC. Merger Sub is a Virginia corporation and a wholly owned subsidiary of Elantic Networks that was created for the sole purpose of the proposed merger.

The petition states that upon the merger, Elantic Telecom will enter into a management services agreement (MSA) with Cavalier Telephone, LLC (Cavalier) to operate and manage Elantic's Telecom's network. Cavalier is a direct, wholly owned subsidiary of Cavalier Telephone Corporation, a privately held corporation, whose majority owners are also the same principal investors in Elantic. Cavalier Telephone Mid-Atlantic, LLC (Cavalier Mid-Atlantic), is a wholly owned indirect subsidiary of Cavalier Telephone Corporation. In New Jersey, Cavalier Mid-Atlantic was authorized to provide facilities-based competitive interexchange and local exchange services to both residential and business customers, pursuant to authority granted by Order of the Board on September 27, 2001. See Order, I/M/O the Petition for An Order Authorizing Cavalier Telephone Mid-Atlantic, LLC to Provide Local Exchange Telecommunications Services Throughout New Jersey, Docket No. TE01060370. Petitioners state that Cavalier will utilize employees of Dominion Telecom with its own workforce and that the merger will be seamless and transparent to Dominion Telecom's customers. Those services currently being provided by Dominion Telecom will continue to be offered pursuant to tariffs that are on file with the Board. After the merger, Dominion Telecom will change its name to Elantic Telecom, Inc. with customers being appropriately notified of such change.

The Petitioners indicate that grant of this petition will serve the public interest by promoting competition among telecommunications providers in New Jersey. Dominion Telecom will have access to the financial and operational resources required to strengthen its position in the telecommunications marketplace and meet its financial obligations in New Jersey. Petitioners state that granting this petition will ensure that Dominion Telecom will continue to have access to the financial resources it needs to expand and implement its business strategies while continuing to provide high quality services to existing customers.

#### FINDINGS AND CONCLUSIONS

After a thorough review of the petition and all related documents, the Board is convinced that, with regard to the provision of service, there will be no negative impact on service to New Jersey customers. All services will continue to be provided to the Petitioners' New Jersey customers without interruption and pursuant to the same tariffs, contracts, rates, terms and conditions in existence prior to the proposed merger.

Accordingly, after careful review of this matter, the Board FINDS that the proposed transfer will have no negative impact on competition, the rates of current customers, or on employees. The Board also FINDS that the proposed transaction will have no negative impact on the provision of safe, adequate and proper service. Therefore, the Board, after investigation, having considered the record and exhibits submitted in this proceeding, FINDS that the action proposed to be taken by Petitioners is in accordance with law and in the public interest. The Board HEREBY APPROVES the request by Petitioners for this transaction and for the transfer of authority. Petitioners shall notify the Board of the closing of the proposed merger, promptly upon consummation of the transfer. Petitioners are also directed to file new tariff pages to reflect the name change.

DATED: 5/12/04

BOARD OF PUBLIC UTILITIES  
BY:

(signed)  
JEANNE M. FOX  
PRESIDENT

(signed)  
CAROL J. MURPHY  
COMMISSIONER

(signed)  
CONNIE O. HUGHES  
COMMISSIONER

(signed)  
JACK ALTER  
COMMISSIONER

ATTEST:

(signed)  
KRISTI IZZO  
SECRETARY